

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/15/09

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Report
 Year Ended December 31, 2008

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INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Bossier and Webster Parishes, Louisiana

We have audited the accompanying financial statements of the governmental activities and major funds of the Twenty-Sixth Judicial District Court, Judicial Expense Fund as of and for the year ended December 31, 2008, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Twenty-Sixth Judicial District Court, Judicial Expense Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Twenty-Sixth Judicial Court, Judicial Expense Fund as of December 31, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2009 on our consideration of the Twenty-Sixth Judicial District Court, Judicial Expense Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-7 and on pages 25-26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Court, Judicial Expense Fund's basic financial statements. The other supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jameson, Wise & Martin

Minden, Louisiana

June 24, 2009

TWENTY-SIXTH JUDICIAL DISTRICT COURT
BOSSIER AND WEBSTER PARISHES



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Twenty-Sixth Judicial District Court, Judicial Expense Fund (JEF) provides an overview of the JEF's financial activities for the fiscal year ended December 31, 2008, in an easily readable analysis. Please read it in conjunction with our financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the JEF exceeded its liabilities at the close of 2008 by \$1,551,517.
- The JEF's total fund revenues were \$223,785 in 2008, a decrease of 3% under last year's revenues.
- The Child Support Fund's (CSF) total fund revenues were \$442,668 in 2008, an increase of 7% over last year's revenues.
- During the year ended December 31, 2008, the governmental funds, JEF and CSF had total expenses of \$260,591 and \$409,015, respectively.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 & 10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by also providing information about all the JEF's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Reporting the Twenty-Sixth Judicial District Court, Judicial Expense Fund as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the JEF as a whole begins on page 9. One of the most important questions asked about the JEF's finances is, "Is the JEF as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the JEF as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting* which is similar to the format used by most private-sector

businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF's *net assets* and changes in them. You can think of the JEF's net assets — the difference between assets and liabilities — as one way to measure the JEF's financial health or *financial position*. Over time, *increases* or *decreases* in the JEF's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the number of cases handled by the District Court as well as the number of judgeships approved by the State Legislature and the State's economic condition, to assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of the District Court. Primarily, court costs, fines and fees finance these activities.

Reporting the Funds of the Twenty-Sixth Judicial District Court, Judicial Expense Fund

Fund Financial Statements

Our analysis of the major funds maintained by the JEF begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the specific activities of the significant funds maintained by the JEF - not the JEF as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The JEF's *governmental funds* use the following accounting approaches:

Governmental funds — All of the JEF's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual* accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the JEF's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the JEF's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

THE TWENTY-SIXTH JUDICIAL DISTRICT COURT, JUDICIAL EXPENSE FUND AS A WHOLE

The JEF's total net assets changed from a year ago, decreasing from \$1,554,915 to \$1,551,517. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the JEF's governmental activities.

Table 1
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 1,524,477	\$ 1,616,676
Capital assets	<u>37,202</u>	<u>36,069</u>
Total assets	<u>1,561,679</u>	<u>1,652,745</u>
Current liabilities	<u>10,162</u>	<u>97,830</u>
Total liabilities	<u>10,162</u>	<u>97,830</u>
Net assets:		
Invested in capital assets	37,202	36,069
Unrestricted	<u>1,514,315</u>	<u>1,518,846</u>
Total net assets	<u>\$ 1,551,517</u>	<u>\$ 1,554,915</u>

Net assets of the JEF's governmental activities decreased overall by \$3,398 or .22%. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$4,531 or .30%.

Table 2
Change in Net Assets

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues		
Charges for services	\$ 595,212	\$ 555,904
Operating grants/contributions	28,700	38,772
General Revenues		
Interest earned	<u>29,548</u>	<u>78,873</u>
Total revenues	<u>\$ 653,460</u>	<u>\$ 673,549</u>
Expenses:		
Judicial Expense	266,634	339,318
Child Support	<u>390,224</u>	<u>368,921</u>
Total expenses	<u>656,858</u>	<u>708,239</u>
Increase (decrease) in net assets	<u>\$ (3,398)</u>	<u>\$ (34,690)</u>

When comparing 2008 to 2007, revenues decreased by 2.98 percent (\$20,089). Although the support fees and collections from government agencies increased by over \$39,000 over last years collections, there was a \$49,325 decrease in interest revenues. In addition, the District received over \$10,000 in grants for family service programs that were not received in 2008 due to reduced funding.

The decrease in interest income was due to the decrease in the interest rates in 2008. In addition, 2007 was the first year that the fund began to recognize interest receivable on its certificates of deposit, which is in accordance with accounting principles for the governmental activities. In 2007, \$78,873 was recognized as interest income, which was comprised of both interest earnings paid for maturities in 2007 plus the amounts earned but not paid as of the end of the year. Since 2007 was the first year of application, no reduction in interest income was recorded for interest that was collected in 2007, but represented interest actually earned as of the end of 2006.

Total expenses decreased by 7.25%. While the cost of personnel services and benefits increased by 11 percent over last year, there were decreases in the areas of travel, books & publications, and capital outlay.

The largest decrease in costs occurred in capital outlay expenditures. Total capital outlay in 2007 of \$105,495, included a \$77,000 payment to reimburse the Bossier Parish Policy Jury for a portion of the cost of furniture for the District. For 2008, the cost of capital outlay was approximately \$37,000.

THE JEF's FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$1,496,891, which is \$3,152 less than last year's fund balance of \$1,500,043. Overall revenues increased slightly by 3.22%, while overall expenditures were comparative to last year with slight decrease of less than ½ of 1 percent (.33%).

General Fund Budgetary Highlights

The JEF adopted a budget for its General Fund and each special revenue fund for the year ended December 31, 2008. During the year, the budgets for both funds were revised one time. The budgetary comparison is presented as required supplementary information and shown on pages 25-26.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2008, the JEF had invested \$ 36,069 in capital assets. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	<u>Governmental activities</u>	
	<u>2008</u>	<u>2007</u>
Furniture and fixtures	\$ 4,621	\$ 4,621
Computer equipment and software	111,382	88,995
Other office equipment	<u>16,129</u>	<u>16,129</u>
Total capital assets	132,132	109,745
Less: accumulated depreciation	<u>(94,929)</u>	<u>(73,676)</u>
Net capital assets	\$ <u>37,203</u>	\$ <u>36,069</u>

Depreciation for the year was \$ 21,253. More detailed information about the capital assets is presented in Note E to the financial statements.

DEBT

At December 31, 2008, the JEF had no outstanding bonded debt. More detailed information about the debt is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Court operations are funded extensively by the Parishes of Bossier and Webster. The Twenty-Sixth Judicial District Court, Judicial Expense Fund does not expect significant changes in next year's results as compared to the current year.

The JEF's management considered many factors when setting a fiscal year December 31, 2008 budget. The most important factors affecting the budget are projected revenue from court costs, fines and fees. The 2009 fiscal budget was set for total projected revenues of \$629,400 and total projected expenditures of \$789,000 for a projected decrease in total net assets of \$159,600.

The expected increase of expenditures in 2009 is mainly impacted by the projected costs of \$42,000 in new software and the addition of staff, which includes a juvenile hearing officer for a salary of \$32,000 and an additional law clerk for a salary of \$37,000. The fund for the software was not expended in 2008 as previously budgeted, but is projected to be expended in 2009.

In addition, increasing costs for payroll reimbursements and the related increased costs in taxes and fringe benefits are reflected in the 2009 budget.

CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT, JUDICIAL EXPENSE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the JEF's finances for those funds maintained by the JEF and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Suzanne H. Stinson, Court Administrator at P.O. Box 310, Benton, Louisiana 71006.

BASIC FINANCIAL STATEMENTS

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Net Assets
December 31, 2008**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 206,462
Investments	1,241,592
Accounts receivable	55,716
Receivable from other governments	12,238
Prepaid items	<u>8,468</u>
Total current assets	1,524,476
Non-current assets:	
Capital assets, net of depreciation	<u>37,203</u>
Total assets	<u>\$ 1,561,679</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>\$ 10,162</u>
Total liabilities	<u>\$ 10,162</u>
NET ASSETS	
Invested in capital assets	\$ 37,203
Unrestricted	<u>1,514,314</u>
Total net assets	<u>\$ 1,551,517</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Activities
For the Year Ended December 31, 2008**

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expenses) Revenue
Governmental activities					
General government:					
Judicial Expense Fund	\$ 266,634	\$ 153,020	\$ 28,700	\$ -	\$ (84,914)
Child Support Fund	390,224	442,192	-	-	51,968
Total governmental activities	<u>656,858</u>	<u>595,212</u>	<u>28,700</u>	<u>-</u>	<u>(32,946)</u>
Total primary government	<u>\$ 656,858</u>	<u>\$ 595,212</u>	<u>\$ 28,700</u>	<u>\$ -</u>	<u>\$ (32,946)</u>
General revenues:					
Interest					<u>29,548</u>
Total general revenues and transfers					<u>29,548</u>
Change in net assets					(3,398)
Net assets-beginning					<u>1,554,915</u>
Net assets-ending					<u>\$ 1,551,517</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Balance Sheet - Governmental Funds
December 31, 2008**

	Judicial Expense Fund	Child Support Fund	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 142,118	\$ 64,344	\$ 206,462
Investments	1,241,592	-	1,241,592
Accounts receivable	-	40,793	40,793
Receivable from other governments	12,239	-	12,239
Total assets	<u>\$ 1,395,949</u>	<u>\$ 105,137</u>	<u>\$ 1,501,086</u>
LIABILITIES			
Accounts payable	\$ 1,704	\$ 2,491	\$ 4,195
Total liabilities	<u>1,704</u>	<u>2,491</u>	<u>4,195</u>
FUND BALANCES			
Unreserved, reported in			
General Fund	1,394,245	-	1,394,245
Special Revenue Fund	-	102,646	102,646
Total fund balance	<u>1,394,245</u>	<u>102,646</u>	<u>1,496,891</u>
Total liabilities and fund balances	<u>\$ 1,395,949</u>	<u>\$ 105,137</u>	<u>\$ 1,501,086</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Governmental Fund Balance
to the Net Assets
December 31, 2008**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 1,496,891
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (A)	37,202
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	23,391
Liabilities not due and payable in the current period and, therefore, not reported in the governmental funds	<u>(5,967)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 1,551,517</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2008**

	Judicial Expense Fund	Child Support Fund	Total Governmental
REVENUES			
Fees and fines	\$ 153,020	\$ 442,192	\$ 595,212
Interest	42,065	476	42,541
Grants	28,700	-	28,700
Total revenues	<u>223,785</u>	<u>442,668</u>	<u>666,453</u>
EXPENDITURES			
General government			
Personnel service & benefits	136,174	270,261	406,435
Travel, seminars, & conferences	29,376	26,484	55,860
Operating services	46,271	50,961	97,232
Professional services	3,401	3,401	6,802
Books & publications	19,039	19,039	38,078
Capital outlay	26,330	38,869	65,199
Total expenditures	<u>260,591</u>	<u>409,015</u>	<u>669,606</u>
Excess (deficiency) of revenues over expenditures	(36,806)	33,653	(3,153)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	28,609	-	28,609
Operating transfers out	-	(28,609)	(28,609)
Total other financing sources (uses)	<u>28,609</u>	<u>(28,609)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(8,197)	5,044	(3,153)
Fund balance - beginning of year	<u>1,402,442</u>	<u>97,602</u>	<u>1,500,044</u>
Fund balance - end of year	<u>\$ 1,394,245</u>	<u>\$ 102,646</u>	<u>\$ 1,496,891</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
December 31, 2008**

Net change in fund balances - total governmental funds (Statement E)	\$ (3,153)
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Amounts reported for government activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which depreciation exceeded capital outlays
in the current period.

7,364

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.	(12,993)
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Other expenses that do not require the of current financial resources and therefore are not reported as expenditures in the governmental funds.	<u>5,384</u>
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Change in net assets of governmental activities (Statement B)	<u>\$ (3,398)</u>
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The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2008

INTRODUCTION

The Twenty-Sixth Judicial District Court Expense Fund was established under Louisiana Revised Statutes 13:996.50 which provides for a separate fund for the receipt and disbursement of designated court fines, costs or forfeitures imposed under the law for the judicial expense fund. The judicial expense fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District. The monies of the Twenty-Sixth Judicial District Court Expense Fund may be expended for those expenditures deemed necessary for the proper operation of the court including clerical and other necessary personnel, law library costs, court equipment and supplies, and travel expenses and fees incurred by any judge or clerk in attending seminars or conferences. No salaries may be paid to any of the judges of the district from the judicial expense fund.

The accounting and reporting policies of the Twenty-Sixth Judicial District Court Expense Fund conform to generally accepted accounting principles as applicable to governmental entities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Judicial Expense Fund's (JEF) financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the JEF are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the Statement include the following:

These financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the JEF's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the JEF's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The JEF elected to implement the general provisions of GASB Statement No. 34 in the year ended December 31, 2004.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2008

REPORTING ENTITY

These financial statements include only information pertaining to the transactions of the Twenty-Sixth Judicial District Court Expense Fund. Other local governmental entities are considered separate reporting entities and are thus excluded from the accompanying financial statements.

As the governing authority of the consolidated government, the Parishes of Bossier and Webster are the financial reporting entities for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entities consists of the primary governments, and includes all component units of which the Parish appoints a voting majority of the units' board; the Parish is either able to impose its will on the unit or a financial benefit of burden relationship exists.

The JEF is part of the operations of the district court system that is fiscally dependent on the two Parishes. The Parishes provide directly to the court office space, court rooms, personnel services, and other supplies and services. The nature of the relationship between the JEF and the district court and the Parishes is significant. Therefore, the JEF was determined to be a component unit of both Bossier and Webster Parish, the financial reporting entities. The accompanying financial statements present information only on the JEF maintained by the Twenty-Sixth Judicial District Court and do not present any other information on the District Court or the Parishes, the general government services provided by those government units, or on the other governmental units that comprise the financial reporting entities.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - The JEF's basic financial statements include both government-wide (reporting the funds maintained by the JEF as a whole) and fund financial statements (reporting the JEF's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the JEF's activities are categorized as governmental activities. The JEF does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The JEF's net assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the JEF's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, fines, court costs and fees, etc.). The Statement of Activities

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2008

reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues, fines, court costs and fees, etc.).

This government-wide focus is more on the sustainability of the JEF as an entity and the change in the JEF's net assets resulting from the current year's activities.

Fund Financial Statements – The financial transactions of the JEF are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Only the governmental fund type is used by the JEF. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the JEF are described as follows:

- *General Fund* – The general fund is the general operating fund and accounts for all activities of the JEF except those required to be accounted for in another fund.
- *Special Revenue Fund* – Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
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State of Louisiana

Notes to the Financial Statements
December 31, 2008

spendable financial during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of Accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible with the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents - Cash includes all demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal fair market value.

Investments - Investments consist of time deposits with original maturities of 90 days or more.

Interfund receivables and payables - During the course of operations, transactions occur between funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of Interfund receivables and payables at year end are found in Note.

Receivables - In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established, all receivables are determined to 100% collectible. Major receivable balances for governmental activities include amounts due from the Parish Clerk or Courts and Sheriff Departments for collection of court costs, fines and other fees. Receivables are included in the fund financial statements if they are both measurable and available.

Prepaid assets - Advance payments for software assurance license are expensed as the period on the contract lapses. The balance in prepaid assets represents portion of two year contract to be expensed in subsequent years.

Capital Assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
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Notes to the Financial Statements
December 31, 2008

donated, it is recorded at its estimated fair market value at the date of donation. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on straight-line basis over the following estimated useful lives:

Computer equipment, including software	5-10 years
Other office equipment	5-10 years
Furniture and fixtures	10-20 years
Office renovations	10-20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the JEF or donated to the JEF, and do not reflect assets of the court obtained from other sources.

Revenues -- Substantially all government fund revenues are accrued. Those revenues include fines, bonds forfeited, civil fees, probate fees, and adoption fees imposed by the district courts are recorded in the year they are collected by the district courts within the judicial district. The program director fees based on a 5% surcharge on child support payments within the Twenty-Sixth Judicial District are recorded when the income is available.

Interest earned on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

BUDGETS AND BUDGETARY ACCOUNTING

Annually, the judges prepare a budget for the JEF on the cash basis of accounting. The authority to amend the budget is reserved by the judges. Formal budget integration (in the accounting records) is employed as a management control device during the year. Appropriations lapse at year end and a system of encumbrance accounting is not used by the JEF.

For the year ended December 31, 2008, the judges adopted budgets for the JEF.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
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Notes to the Financial Statements
December 31, 2008

B. CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2008, the Twenty-Sixth Judicial District Court Expense Fund had cash and cash equivalents as shown below:

	Book <u>Balance</u>	Bank <u>Balance</u>
Interest-bearing deposits	\$ <u>206,462</u>	\$ <u>273,613</u>

At December 31, 2008, the Twenty-Sixth Judicial District Court Expense Fund had investments in certificates of deposit (book balances) totaling \$1,241,592.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the Twenty-Sixth Judicial District Court Expense Fund has \$1,515,205 in bank balances. These deposits are secured from risk by \$1,295,242 of federal deposit insurance and \$1,672,558 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Twenty-Sixth Judicial District Court Expense Fund that the fiscal agent has failed to pay deposited funds upon demand.

C. ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities generally consists of the miscellaneous amounts due from various entities and agencies due for the month of December. There is \$55,716 in accounts receivable due for December 2008. There is generally no allowance for doubtful accounts since all receivables are deemed collectible.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
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Notes to the Financial Statements
 December 31, 2008

D. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units are as follows:

	<u>2008</u>	<u>2007</u>
Bossier Parish Clerk of Court	\$ 1,000	\$ 985
Bossier Parish Sheriff's Department	4,952	4,181
Webster Parish Clerk of Court	485	405
Webster Parish Bond Fee	1,812	-
Webster Parish Sheriff's Department	<u>3,989</u>	<u>1,701</u>
Totals	<u>\$ 12,238</u>	<u>\$ 7,272</u>

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2008</u>
Computer equipment, including software	\$ 88,995	\$ 22,387	\$ -	\$ 111,382
Other office equipment	16,129	-	-	16,129
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>109,745</u>	<u>22,387</u>	<u>-</u>	<u>132,132</u>
Accumulated depreciation				
Computer equipment, including software	53,420	20,760	-	74,180
Other office equipment	15,635	493	-	16,128
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>73,676</u>	<u>21,253</u>	<u>-</u>	<u>94,929</u>
Capital assets, net	<u>\$ 36,069</u>	<u>\$ 1,134</u>	<u>\$ -</u>	<u>\$ 37,203</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expense	\$ 11,391
Child Support	<u>9,862</u>
Total	<u>\$ 21,253</u>

F. LONG-TERM DEBT

As of December 31, 2008, the JEF had no governmental long-term debt.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
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Notes to the Financial Statements
December 31, 2008

All of the employees of the expense fund are considered employees of either the Bossier or Webster Parish Police Juries. According to the Judges' office policy, there are no accumulated and vested benefits relating to annual and sick leave that requires disclosure or accrual to conform to generally accepted accounting principles.

G. SALARY EXPENDITURES

The Parishes administer the payroll for all District Court employees excluding the judges. The JEF reimburses Bossier Parish for the salaries and related fringe benefits of certain court employees, the Court Administrator and the Law Clerk in general. The amounts included in the accompanying financial statements are the actual salary expenditures of the JEF.

H. PENSION PLAN

All of the JEF's employees are considered employees of the Bossier and Webster Parish Police Juries and, accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The respective Police Juries and the expense fund do not guarantee any of the benefits granted by the System.

I. LEASES

The JEF does not have any capital leases or operating leases as of December 31, 2008.

J. LITIGATION

There is no litigation pending directly against the JEF at December 31, 2008.

K. ARRANGEMENTS WITH PARISH GOVERNMENTS

The district judges' office space, including utilities and certain office equipment and furniture, are furnished by the Bossier and Webster Parish Police Juries free of charge.

L. CHILD SUPPORT ENFORCEMENT FUND

As established by Louisiana Revised Statute 46:236.5, which allows any court to establish or enforce support obligations to implement an expedited process for the establishment or enforcement of support, and which provides, that the judges of the appropriate court shall oversee the operations of the fund and shall appoint a hearing officer to hear support and support related matters. At the end of

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
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Notes to the Financial Statements
December 31, 2008

the reporting period all residual funds from the Child Support Enforcement Fund are to be transferred to the general operating account of the Expense Fund.

M. DEFICIT FUND BALANCE

There were no deficit fund balances for the year ended December 31, 2008.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Budgetary Comparison Schedule - General Fund
Judicial Expense Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
Bossier Clerk of Court	\$ 15,000	\$ 16,500	\$ 16,555	\$ 55
Webster Clerk of Court	6,000	5,400	5,385	(15)
Bossier Parish Sheriff	64,000	64,000	67,155	3,155
Webster Parish Sheriff	30,000	32,700	23,943	(8,757)
Webster Parish Sheriff - bond fee	30,000	26,000	35,015	9,015
Intergovernmental:				
FINS grant	28,000	28,000	28,700	700
FSP grant	6,000	-	-	-
Interest	13,000	29,000	42,065	13,065
Total revenues	<u>192,000</u>	<u>201,600</u>	<u>218,818</u>	<u>17,218</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
Judicial Court Administration expenditures	254,113	266,140	266,816	(676)
FINS expenditures	27,787	31,140	31,325	(185)
Parental Control expenditures	6,500	4,100	4,229	(129)
Total expenditures	<u>288,400</u>	<u>301,380</u>	<u>302,370</u>	<u>(990)</u>
Excess (deficiency) of revenues over (under) expenditures	(96,400)	(99,780)	(83,552)	16,228
Other financing sources (uses)				
Transfer to Child Support Fund	-	-	(10,071)	(10,071)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(96,400)	(99,780)	(93,623)	6,157
Fund balance at beginning of year	<u>1,477,334</u>	<u>1,477,334</u>	<u>1,477,334</u>	-
Fund balance at end of year	<u>\$ 1,380,934</u>	<u>\$ 1,377,554</u>	<u>\$ 1,383,711</u>	<u>\$ 6,157</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Budgetary Comparison Schedule - Special Revenue Fund
Child Support Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With</u>
			<u>(Cash</u>	<u>Final Budget</u>
			<u>Basis)</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES (inflows)				
Fees and fines:				
5% Support Enforcement fee (net)	410,000	439,000	437,405	(1,595)
Interest	-	-	476	476
Total revenues	<u>410,000</u>	<u>439,000</u>	<u>437,881</u>	<u>(1,119)</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
Youth Community Service Program	6,000	-	4,033	(4,033)
FINS expenditures	49,837	45,845	48,952	(3,107)
Other expenditures	21,643	100	-	100
Support expenditures	<u>382,520</u>	<u>397,500</u>	<u>396,537</u>	<u>963</u>
Total expenditures	<u>460,000</u>	<u>443,445</u>	<u>449,522</u>	<u>(6,077)</u>
Excess of revenues over expenditures	(50,000)	(4,445)	(11,641)	(7,196)
Other financing sources (uses)				
Transfer from Judicial Expense Fund	<u>-</u>	<u>-</u>	<u>10,071</u>	<u>10,071</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(50,000)	(4,445)	(1,570)	2,875
Fund balance at beginning of year	<u>65,914</u>	<u>65,914</u>	<u>65,914</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,914</u>	<u>\$ 61,469</u>	<u>\$ 64,344</u>	<u>\$ 2,875</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to Required Supplementary Information
on Budgetary Accounting and Control
December 31, 2008

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The JEF prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

1. An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The budget is available for the public inspection at least fifteen days prior to the beginning of the fiscal year.
3. The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
4. The general fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personnel services, group benefits, supplies, contractual services, and capital outlay, etc.) Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
5. Appropriations lapse at the end of each fiscal year.
6. Transfers of funds between the judicial expense fund and child support funds were not included in the budget. Since the activity of both funds is accounted for through one bank account, no actual transfer of funds is made.

The budget for the Non-Support fund is prepared and submitted in conjunction with the budget for the general fund.

The annual operating budgets are prepared and presented on the cash basis of accounting.

OTHER REPORT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Minden, Louisiana

We have audited the financial statements of the governmental activities and major funds of the Twenty-Sixth Judicial District Court, Judicial Expense Fund as of and for the year ended December 31, 2008, which collectively comprise the Twenty-Sixth Judicial District Court, Judicial Expense Fund's basic financial statements and have issued our report thereon dated June 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Twenty-Sixth Judicial District Court, Judicial Expense Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Sixth Judicial District Court, Judicial Expense Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court, Judicial Expense Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect material misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the Twenty-Sixth Judicial District Court, Judicial Expense Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Twenty-Sixth Judicial District Court, Judicial Expense Fund's financial statements

that is more than inconsequential will not be prevented or detected by the Twenty-Sixth Judicial District Court, Judicial Expense Fund's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Twenty-Sixth Judicial District Court's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Court, Judicial Expense Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Twenty-Sixth Judicial District Court and management of the court's office and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Jameson, Wise & Martin

Minden, Louisiana
June 24, 2009

OTHER SUPPLEMENTAL SCHEDULES

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2008

2007-1 Fixed Asset Records Should Be Complete

Our tests of assets revealed that:

- The District maintains an internal listing of property, plant & equipment, which has not been completely updated for additions and deletions within the last 2 years.
- Some equipment items are not tagged, identifying it with a number that can be cross-referenced to a detailed listing.

Status: Resolved. The District is currently maintaining an internal inventory list, as well as continually updating the list for additions and deletions.

2007-2 Public bid law

During 2007, the District purchased uniforms on two separate occasions, whose cost exceeded \$10,000. We noted no quotations before the purchase of these supplies.

Status: Resolved.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
December 31, 2008

There were no items required to be reported in accordance with *Government Auditing Standards*.